

Nintavur Pradeshiya Sabha
Ampara District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented to Audit on 26 May 2020 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman of the Pradeshiya Sabha on 22 July 2020.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in the basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Nintavur Pradeshiya Sabha as at 31 December 2019 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

(a) Accounting Deficiencies

Accounting Deficiencies -----	Recommendations -----	Comments of the Accounting Officer -----
(i) Receivable rent of Rs. 182,720 by the motor grader and machine of the Sabha as at 31 December 2019 had not been brought to the financial statements.	Arrears amount should be shown in the financial statement.	These balances were shown prior to the year 2015. However, out of these arrears, a sum of Rs. 89,740.00 had been recovered by us now. Actions are being taken by us to recover balance amount continuously.
(ii) Rent amounting to Rs. 540,000 outstanding up to the end of the year under review through renting out the old office building of the Sabha had not been brought to accounts.	Arrears amount should be shown in the financial statement.	Old office building of the Sabha had been rented out to the Regional Office of the State Ministry of Health for the period from 22 September 2015 to 12 September 2018 on the basis of monthly rent and as such, continuous action had been taken by us to recover arrears of rent revenue.

(b) Unreconciled Accounts

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
A difference of Rs. 657,261 was incurred in 04 revenue items between revenue and expenditure account and statement of arrears of revenue recovery for the year under review.	Action should be taken to reconcile differences of relevant balances and rectify the accounts.	Some figures had been entered erroneously in the PS-07, out of figures entered correctly in the PS-17, PS-19 in the final accounting reports prepared for the financial year.

(c) Lack of Documentary Evidences

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Due to non-submission of evidences such as deed of land, fixed asset register, vehicle ownership books and reports on board of survey in respect of 05 fixed asset items valued at Rs. 42,842,560 according to financial statement presented, it could not be satisfactorily vouched/ verified in audit.	Evidences should be submitted for confirmation; account balances shown in the financial statements.	Even though there was an asset register in our Sabha, land and building and plants etc. had not been entered properly. Actions are being taken by us to complete them now.

1.4 Non-compliances

Non-compliances with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions -----	Non-compliance -----	Recommendation -----	Comment of the Accounting Officer -----
Financial Regulation 571 of the Democratic Socialist Republic of Sri Lanka	Action had not been taken in respect of 26 deposits totalling Rs. 1,442,553 for over two years.	Action should be taken in terms of relevant Regulations.	Continuous actions had been taken by us in respect of lapsed deposits for over two years and they had been rectified now.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2019 amounted to Rs. 27,100,729 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 4,043,938.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and Arrears of Revenue

Information on the estimated revenue, billed revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding year is given below.

Source of Revenue	2019				2018			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
Rates and Taxes	Rs. 9,848,000	Rs. 5,385,700	Rs. 5,815,785	Rs. 4,387,593	Rs. 8,848,000	Rs. 4,464,300	Rs. 2,984,750	Rs. 4,817,677
Rentals	6,232,000	5,816,471	5,880,371	3,186,666	8,415,000	5,134,940	5,159,570	3,250,566
License Fees	985,000	1,100,780	1,100,780	--	1,025,000	827,150	827,150	--
Other Revenue	17,490,000	31,564,097	14,569,056	20,339,832	13,025,000	12,784,869	12,618,037	3,344,790
	34,555,000	43,867,048	27,365,992	27,914,091	31,313,000	23,211,259	21,589,507	11,413,033

2.2.2 Rents

Audit Observation

Arrears lease of meat stall amounting to Rs. 3,173,466 for the period from the year 1980 to the end of the year 2012 had not been recovered up to the end of the year under review.

Recommendation

Action should also be taken to recover lease revenue for the year under review with the arrears for the past years.

Comment of the Accounting Officer

A decision to write off arrears lease of meat stall remained as unrecovered for a long period had been made at 28th meeting series of 04th Board for the Pradeshiya Sabha. Action will be taken by us to present the documents in this regard once approval therefor is received.

3. Operating Review

3.1 Performance

The matters observed in respect of execution of activities that should be executed under Section 3 of the Pradeshiya Sabhas Act such as regularize and control over the matters of public health, public utility services and public thoroughfares and the comfort, convenience and welfare of the people are given below.

(a) By-Laws

Audit Observation

By-laws should be prepared and implemented in respect of important matters for revenue and arrangement of the Pradeshiya Sabha in terms of Section 126 of the Pradeshiya Sabhas Act No. 15 of 1987. However, by-laws had not been prepared in respect of 14 important matters up to 31 December 2019.

Recommendation

Action should be taken to prepare and implement by-laws in respect of important matters.

Comment of the Accounting Officer

By-laws are being prepared and implemented by the Sabha in respect of certain matters now and action is being taken to prepare and implement by-laws in respect of other matters as pointed out by you.

(b) Action Plan

Audit Observation

An annual action plan in respect of important matters to be implemented by the Sabha as per 06 by-laws prepared had not been prepared.

Recommendation

An annual action plan should be prepared and implemented.

Comment of the Accounting Officer

Draft of planning had been prepared for the period from the year 2019 to 2022 for the annual action plan of the Pradeshiya Sabha with the participation of the general public by giving priority to their choices.

(c) Solid Waste Management

Audit Observation

Ten thousand waste disposal bags had been purchased for 5,000 families at a cost of Rs. 385,000 for segregating garbage under Solid Waste Management. However, 2,363 waste disposal bags had not been issued and 720

Recommendation

Action should be taken to segregate solid wastes and use them for recycling.

Comment of the Accounting Officer

Two thousand three hundred and sixty-three balance bags are being issued to the general public continuously. Further, Action is being taken to expedite it now. All of these solid wastes are being issued to the solid waste

tons garbage collected in the year under review had not been segregated and used for recycling.

collecting place situated at Aalim Nagar, Addalaichenai due to lack of facilities to recycle these solid wastes at our Sabha.

(d) Sustainable Development Target

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
Every Public Institution should act in compliance with the 2030 Agenda on Sustainable Development adopted by the United Nations according to Sri Lanka Sustainable Development Act No. 19 of 2017. However, actions had not been taken by the Sabha to identify and achieve the goals in this regard.	Action should be taken by the Sabha to identify and achieve the relevant goals.	Certain projects had been carried out by the Sabha in compliance with the 17 goals of Agenda on Sustainable Development for the year. However, they had not been made in a clear format properly. Hence, action will be taken to made the projects as per goals of this agenda and achieve them.

3.2 Management Inefficiencies

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
(a) Electricity usage charge of Rs. 2,951,150 to be paid to Ceylon Electricity Board in respect of electricity usage of street lamp and receivables of Rs. 2,477,322 to be recovered from Ceylon Electricity Board had been shown in the financial statements continuously for over 22 years without being paid and recovered respectively.	Action should be taken to write off said arrears.	A decision to write off arrears properly had been made at 28 th meeting series of 04 th Board for the Pradeshiya Sabha. Further, action will be taken by us once approval therefor is received.
(b) Action had not been taken to transfer ownership of 05 motor vehicles and machines being used by the Sabha.	Action should be taken to transfer the ownership to the name of the Sabha.	Actions are being taken to transfer it.

3.3 Human Resources Management

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) According to approved cadre, staff vacancies had remained for 10 posts in the Sabha till the end of the year under review.	Action should be taken to fill the vacancies.	Actions are being taken to fill the vacancies by us continuously. Further, actions are being taken by us to fill these vacancies by recruiting the employees who has completed 180 days and still works at the office on contract basis.
(b) Loan outstanding of Rs. 104,957 due from 24 employees who had transferred out and resigned from service had remained since 2013 without being recovered.	Action should be taken to recover loan outstanding.	Action is being taken to recover loan outstanding amounts from relevant employees and their sureties.

3.4 Assets Management

3.4.1 Failure to recording Assets

Audit Observation	Recommendation	Comment of the Accounting Officer
Total value of land and building belonging to the Sabha had been shown as Rs. 186,982,607 in the accounts as at the end of the year under review. However, movable and immovable assets had not been entered in the fixed assets register.	Action should be taken to enter movable and immovable assets in the fixed assets register.	Arrangements had been made by us to maintain registers and it is being carried out by subject clerk now. All registers will be presented to you once they are completed.

3.4.2 Idle Assets

Audit Observation	Recommendation	Comment of the Accounting Officer
It was observed that 13 Ninthavur public market stalls had remained idle for over 05 years without being utilized.	Stalls should be used for generating revenue.	Actions are being taken by us to lease out stalls of public market.

3.5 Procurement

Contract Administration

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Four hundred LED lights had been fixed at a cost of Rs. 8,329,900 to 10 roads and public fares under PIDPs project for the year 2019. The following matters were observed in this regard.</p>		
<p>(i) Permission had not been obtained from the Ceylon Electricity Board in respect of fixing 400 LED lights which have 60,000W under the purview of the Sabha.</p>	<p>A written approval should be obtained from the Ceylon Electricity Board.</p>	<p>Hon. chairman had discussed with the Ceylon Electricity Board in respect of fixing above lights under the purview of the Sabha. However, it had not been obtained by documentary format.</p>
<p>(ii) According to 2.14.1 of Government Procurement Guideline (Supplementary 34), at least 5 sealed quotations should be obtained for this work and contract should be entered. However, contrary to it, this work had been divided as 10 works and awarded to 10 community centers directly.</p>	<p>It should be confirmed that quotations were called and procurements were made at an appropriate price and quality according to Government Procurement Guideline</p>	<p>Above works had been divided as 10 works by Ministry of Commerce and provisions also had been made. Prices of electricity items had been find out in the market and estimates had been prepared and checked by district and provincial level technical officers and engineers and subsequently such works had been awarded to said community centers.</p>
<p>(iii) 328 lights each per 15,400 and 72 lights each per Rs. 15,850 had been fixed. However, same lights had been fixed by Karaitivu Pradeshiya Sabha each per Rs. 9,600. Accordingly, a sum of Rs. 2,352,400 had been spent by the Sabha uneconomically.</p>	<p>In purchasing, it should be compared with other institution and made economically.</p>	<p>This estimate had been prepared by our technical officers after asking prices in the stalls which have said items in the district. These expenses include wire and light fixing expenses.</p>

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observation	Recommendation	Comment of the Accounting Officer
Internal audit activities had not been carried out in the year under review.	Internal audit activities should be carried out.	Arrangements will be made to carry out internal audit activities as pointed out by you

4.2 Audit and Management Committee

Audit Observation	Recommendation	Comment of the Accounting Officer
An audit and management committee had not been established and its meetings had not been held in the year under review.	Action should be taken to hold meetings of the audit and management committee.	Action had been taken to establish the audit and management committee and obtain reports by holding its meetings properly.

4.3 Unresolved Audit Observations

Audit Observation	Recommendation	Comment of the Accounting Officer
Actions had not been taken either to recover arrears of rent amounting to Rs. 530,820 receivable by renting out the JCB machine of the Sabha to the persons for external work since the year 2012 up to the end of the year under review or to take legal actions against relevant persons up to now.	Continuous action should be taken to recover the arrears of rent.	Out of receivable amount by renting out the JCB machine for external work, a sum of Rs. 47,100.00 had been recovered up to now. Continuous actions are being taken by us to recover balance amount.